

DEPARTMENT
OF
DEVELOPMENTAL SERVICES
AUDIT
OF
ADULT EDUCATIONAL TECHNOLOGIES, INC.
(AET)

Independent Living Program:
Independent Living Program (ILP) – H84791

Supported Living Service Program:
Supported Living Service (SLS) - HB0369

Miscellaneous Program:
Supplemental Services – PB0115

Day Program:
Adult Development Center (ADC) – H84734

Transportation Program:
Transportation Additional Component – H84734

(Audit Period: July 2006 through June 2007)

Audit Branch

Auditors: Michael Masui, Chief of Vendor Audits
Alton Kitay, Supervisor
Wilfredo Golez, Lead Auditor
Treisa Muhammad, Auditor
Ernesto Galasinao, Auditor

ADULT EDUCATIONAL TECHNOLOGIES, INC. (AET)

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EXECUTIVE SUMMARY

The Department of Developmental Services (DDS) has audited Adult Educational Technologies, Inc. (AET). The audit was performed upon the following programs: Independent Living, Supported Living Services, Miscellaneous, Day, and Transportation for the period of July 1, 2006 through June 30, 2007.

The last day of fieldwork was October 20, 2008.

The results of the audit disclosed the following issues of noncompliance:

Finding 1: Independent Living Program (ILP) – Unsupported Billing and Failure to Bill

The review of AET's ILP, Vendor Number H84791, revealed that AET submitted unsupported billings to the Regional Center of East Bay (RCEB), as well as failed to bill RCEB for appropriately documented services that it provided to consumers. As a result, AET had a total of \$511,522.38 of unsupported billings and a total of \$4,227.30 for which it failed to bill. The net amount is \$507,295.08.

Finding 2: Independent Living Program (ILP) - Incorrect Billing

The review of AET's ILP, Vendor Number H84791, revealed the AET incorrectly billed RCEB for services. It was found that AET billed for 1,858.01 hours of service, at a rate of \$35.92 per day instead of a rate of \$38.43 per day for the month of July 2006. This resulted in an underpayment of \$4,663.61.

Finding 3: Supported Living Service (SLS) Program – Unsupported Billing

The review of AET's SLS program, Vendor Number HB0369, revealed a lack of supporting documentation for services billed to RCEB and Golden Gate Regional Center (GGRC). The total unsupported billing was \$323,392.89.

Finding 4: Miscellaneous Program (Supplemental Services) – Unsupported Billing

The review of AET's Supplemental Services Day Program, Vendor Number PB0115, revealed a lack of supporting documentation for services billed to RCEB. The total unsupported billing was \$4,608.

Finding 5: Adult Development Center (ADC) – Unsupported Billing

The review of AET's Adult Development Center, Vendor Number H84734, revealed a lack of supporting documentation for services billed to RCEB. The total unsupported billing was \$2,676.05.

Finding 6: Transportation Additional Component – Unsupported Billing

- . The review of AET's Transportation Additional Component, Vendor Number H84734, revealed a lack of supporting documentation for services billed to RCEB. The total unsupported billing was \$791.04.

Finding 7: Poor Record Keeping

The review of AET's Programs revealed that poor record keeping has resulted in multiple errors in AET's paperwork. These errors led to missing information or recording of conflicting information, the documenting of non-direct care hours, overlapping direct care staff hours, and recording of hours in excess of the authorized amount. As a result, a number of disallowances were made regarding direct care hours billed.

The net total of AET billing discrepancies identified in this audit is \$834,099.45 of unsupported billings. A detailed discussion of these findings is contained in the Findings and Recommendations section of this report.

BACKGROUND

The Department of Developmental Services (DDS) is responsible, under the Lanterman Developmental Disabilities Services Act, for ensuring that persons with developmental disabilities receive the services and supports they need to lead more independent, productive, and normal lives. DDS contracts with 21 private, non-profit regional centers that provide fixed points of contact in the community for serving eligible individuals with developmental disabilities and their families in California. In order for regional centers to fulfill their objectives, they secure services and supports from qualified service providers and/or contractors. Per Welfare and Institutions Code, Section 4648.1, the DDS has the authority to audit those service providers and/or contractors that provide services and supports to the developmentally disabled.

OBJECTIVE, SCOPE, AND METHODOLOGY

This audit was conducted to determine whether AET's Independent Living, Supported Living, Miscellaneous, Day, and Transportation Programs were compliant with the Welfare and Institutions Code (W&I), California Code of Regulations Title 17 (Title 17), and the regional centers' contracts with AET for the period of July 1, 2006 through June 30, 2007.

The audit was conducted in accordance with the Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States. The auditors did not review the financial statements of AET, nor was this audit intended to express an opinion on the financial statements. The auditors limited the review of AET's internal controls to gaining an understanding of the transaction flow and invoice preparation process as necessary to develop appropriate auditing procedures. The audit scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance that AET complied with Title 17.

AET was vendorized by RCEB and Valley Mountain Regional Center (VMRC). AET provided services to RCEB, GGRC, and VMRC consumers. Our audit reviewed the services provided to RCEB and GGRC consumers only.

Independent Living Program

During the audit period, AET operated two Independent Living Programs. The audit included the review of one of AET's Independent Living Program, Vendor Number H84791, Service Code 520.

The procedures performed at RCEB, the vendoring regional center, and AET included, but were not limited to, the following:

- Reviewed RCEB's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed RCEB staff for vendor background information and to obtain prior vendor audit reports.

- Interviewed AET staff and management to gain an understanding of its accounting procedures and processes for regional center billings.
- Reviewed AET service/attendance records to determine if AET had sufficient, competent, and relevant evidence to support the direct care services billed to RCEB.

Supported Living Services

During the audit period, AET operated one Supported Living Service Program, Vendor Number HB0369, Service Code 896, which was audited.

The procedures performed at RCEB, the vendoring regional center, and AET included, but were not limited to, the following:

- Reviewed RCEB's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed RCEB staff for vendor background information and to obtain prior vendor audit reports.
- Interviewed AET staff and management to gain an understanding of its accounting procedures and processes for RCEB billings.
- Reviewed AET service/attendance records to determine if AET had sufficient, competent, and relevant evidence to support the direct care services billed to RCEB.

Miscellaneous Programs

During the audit period, AET operated four Miscellaneous Programs. The audit included one of AET's Miscellaneous Programs, Supplemental Day Services Program Support, Vendor Number PB0115, Service Code 110.

The procedures performed at RCEB, the vendoring regional center, and AET included, but were not limited to, the following:

- Reviewed RCEB's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed RCEB staff for vendor background information and to obtain prior vendor audit reports.
- Interviewed AET staff and management to gain an understanding of its accounting procedures and processes for RCEB billings.
- Reviewed AET service/attendance records to determine if AET had sufficient, competent and relevant evidence to support the direct care services billed to RCEB.

Day Program

During the audit period, AET operated one Day Program, Adult Development Center, Vendor Number H84734, Service Code 510, which was audited.

The procedures performed at RCEB, the vendoring regional center, and AET included, but were not limited to, the following:

- Reviewed RCEB's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed RCEB staff for vendor background information and to obtain prior vendor audit reports.
- Interviewed AET staff and management to gain an understanding of its accounting procedures and processes for RCEB billings.
- Reviewed AET service/attendance records to determine if AET had sufficient, competent, and relevant evidence to support the direct care services billed to RCEB center.
- Performed an analysis of AET's payroll and attendance/service records to determine if AET provided the level of staffing required.

Transportation Additional Component

During the audit period, AET operated one Transportation Program, Transportation Additional Component, Vendor Number H84734, Service Code 880, which was audited.

The procedures performed at RCEB, the vendoring regional center, and AET included, but were not limited to, the following:

- Reviewed RCEB's vendor files for contracts, rate letters, program designs, purchase of service authorizations, and correspondence pertinent to the review.
- Interviewed RCEB staff for vendor background information and to obtain prior vendor audit reports.
- Interviewed AET staff and management to gain an understanding of its accounting procedures and processes for RCEB billings.
- Reviewed AET service/attendance records and mileage logs to determine if AET had sufficient, competent and relevant evidence to support the services billed to RCEB.

CONCLUSION

Based upon the procedures performed, we have determined that except for the items identified in the Findings and Recommendation section, AET complied with requirements of Title 17 for the programs audited. However, due to the audit findings identified in the audit report, AET needs to review its remaining programs for similar issues identified in the audit report and take immediate corrective actions. DDS may conduct a follow up audit on AET's remaining programs.

VIEWS OF RESPONSIBLE OFFICIALS

The DDS issued a draft audit report on June 2, 2009. The exit conference was waived by Mr. James. On November 26, 2010, Mr. James responded to the draft audit report. He does not agree with the findings except Finding 7 with which he did not expressly agree, but did acknowledge problems and wrote that he made corrections to his systems.

RESTRICTED USE

This report is solely for the information and use of the Department of Developmental Services, Department of Health Care Services , Regional Center of the East Bay, Valley Mountain Regional Center, and AET. Additionally, the one user regional center that referred consumers to AET and were affected by the audit results will be sent a copy of the report. This report is not intended and should not be used by anyone other than those specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

FINDINGS AND RECOMMENDATIONS

Finding 1: Independent Living Program (ILP) – Unsupported Billing and Failure to Bill

The review of AET's ILP program, Vendor Number H84791, for the sample period of July 2006 to June 2007, revealed that AET had both unsupported billings as well as appropriate support for services that it failed to bill RCEB.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCEB. The failure to bill occurred when AET had appropriate supporting documentation, but it did not bill RCEB. The following are the discrepancies identified:

AET was not able to provide appropriate supporting documentation for 13,377.77 hours of services billed. This lack of documentation resulted in unsupported billings to RCEB in the amount of \$511,522.38. In addition, AET provided appropriate supporting documentation for 110 hours of services, but which it failed to bill RCEB. This resulted in an unbilled amount of \$4,227.30.

As a result, the net total of the billing discrepancies resulted in \$507,295.08 of unsupported billings due back to DDS. (See Attachment A.)

Title 17, Section 54326(a) states:

“All vendors shall:

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of units of service billed.

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

Also, Title 17, Section 50604(d) and (e) state:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers' billing/invoicing shall include, but not be limited to:

(3) A record of services provided to each consumer. The record shall include:

(C) For community-based day programs, the dates of service, place where service was provided, the start and end times of service provided to the consumer and the daily or hourly units of service provided.

(e) All service providers' records shall be supported by source documentation."

Recommendation:

AET should reimburse to DDS the \$507,295.08 of unsupported billings. In addition, AET should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCEB.

AET's Response:

AET stated that the lack of paperwork should not be the basis for a finding. Additionally, AET states that it is not possible to over bill because of the authorizations issued by the regional center.

See Attachment B for the full text of AET's response to the draft audit report and Attachment C for DDS's evaluation of AET's response.

Finding 2: Independent Living Program (ILP) - Incorrect Billing

The review of AET's ILP program, Vendor Number H84791, for the sample period of July 2006 to June 2007, revealed that AET incorrectly billed RCEB for services provided.

Incorrect billings occurred as a result of units of services provided and authorized, which AET incorrectly billed. The incorrect billings occurred due to AET providing 1,858.01 hours of ILP services, which were incorrectly billed to the regional center. The daily rate of \$35.92 was the one used to bill instead of \$38.43 daily rate for the month of July 2006.

The services were properly authorized by the regional center, and services were provided to consumers. As a result, \$4,663.61 of under billing is due back to AET. (See Attachment A.)

Title 17, Section 54326 states:

"All vendors shall:

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of units of service billed.

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center."

Recommendation:

AET had under billings of \$4,663.61. This amount will be netted against any other outstanding amounts due to DDS. In addition, AET should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCEB.

AET's Response:

AET stated that the lack of paperwork should not be the basis for a finding. Additionally, AET states that it is not possible to over bill because of the authorizations issued by the regional center.

See Attachment B for the full text of AET's response to the draft audit report and Attachment C for DDS's evaluation of AET's response.

Finding 3: Supported Living Services (SLS) - Unsupported Billing

The review of AET's SLS program, Vendor Number HB0369, for the sample period July 2006 to June 2007, revealed that AET had unsupported billings to RCEB and GGRC.

Unsupported billings occurred due to a lack of appropriate documentation to support the units of service billed to RCEB and GGRC. The following are the discrepancies identified:

AET was not able to provide appropriate supporting documentation for 9,045.78 hours of services billed to RCEB and 10,386 hours of services billed to GGRC. This lack of documentation resulted in unsupported billings to RCEB in the amount of \$160,663.92 and to GGRC in the amount of \$162,728.97.

As a result, \$323,392.89 of unsupported billings is due back to DDS.
(See Attachment A.)

Title 17, Section 54326(a) states:

“All vendors shall:

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of units of service billed.

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

Also, Title 17, Section 50604 (d) and (e) state:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers’ billing/invoicing shall include, but not be limited to:

(3) A record of services provided to each consumer. The record shall include:

(D) For all other services, the date, the start and end times of service provided to the consumer, street address where service was provided, and daily or hourly units of service provided.

(e) All service providers’ records shall be supported by source documentation.”

Recommendation:

AET should reimburse to DDS the \$323,392.89 of unsupported billings. In addition, AET should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCEB and GGRC.

AET’s Response:

AET stated that the lack of paperwork should not be the basis for a finding. Additionally, AET states that it is not possible to over bill because of the authorizations issued by the regional center.

See Attachment B for the full text of AET’s response to the draft audit report and Attachment C for DDS’s evaluation of AET’s response.

Finding 4: Miscellaneous Program (Supplemental Services) – Unsupported Billing

The review of AET’s Miscellaneous Program, Supplemental Services, Vendor Number PB0115, for the sample period July 2006 to June 2007, revealed that AET had unsupported billings to RCEB. AET was not able to provide appropriate supporting documentation for 384 hours of services billed to RCEB. This lack of documentation resulted in unsupported billings to RCEB in the amount of \$4,608. (See Attachment A.)

Title 17, Section 54326 (a) states:

“All vendors shall:

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of units of service billed.

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

Also, Title 17, Section 50604 (d) and (e) state:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers’ billing/invoicing shall include, but not be limited to:

(3) A record of services provided to each consumer. The record shall include:

(D) For all other services, the date, the start and end times of service provided to the consumer, street address where service was provided, and daily or hourly units of service provided.

(e) All service providers’ records shall be supported by source documentation.”

Recommendation:

AET should reimburse to DDS the \$4,608 of unsupported billings. In addition, AET should develop and implement policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCEB.

AET’s Response:

AET stated that the lack of paperwork should not be the basis for a finding. Additionally, AET states that it is not possible to over bill because of the authorizations issued by the regional center.

See Attachment B for the full text of AET’s response to the draft audit report and Attachment C for DDS’s evaluation of AET’s response.

Finding 5: Adult Development Center (ADC) – Unsupported Billing

The review of AET’s Day Program, Vendor Number H84734, for the sample period July 2006 to June 2007, revealed that AET had unsupported billings to RCEB. AET was not able to provide appropriate supporting documentation for 65 days of services billed to RCEB. This lack of documentation resulted in unsupported billings to RCEB in the amount of \$2,676.05. (See Attachment A.)

Title 17, Section 54326 (a) states:

“All vendors shall:

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of units of service billed.

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

Also, Title 17, Section 50604 (d) and (e) state:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers’ billing/invoicing shall include, but not be limited to:

(3) A record of services provided to each consumer. The record shall include:

(C) For community-based day programs, the dates of service, place where service was provided, the start and end times of service provided to the consumer and the daily or hourly units of service provided.

(e) All service providers’ records shall be supported by source documentation.”

Recommendation:

AET should reimburse to DDS the \$2,676.05 of unsupported billings. In addition, AET should develop policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCEB.

AET’s Response:

AET stated that the lack of paperwork should not be the basis for a finding. Additionally, AET states that it is not possible to over bill because of the authorizations issued by the regional center.

See Attachment B for the full text of AET’s response to the draft audit report and Attachment C for DDS’s evaluation of AET’s response.

Finding 6: Transportation Additional Component – Unsupported Billing

The review of AET’s Transportation Program, Vendor Number H84734, for the sample period July 2006 to June 2007, revealed that AET had unsupported billings to RCEB. AET was not able to provide appropriate supporting documentation for 128 units of services (trips) billed. This lack of documentation resulted in unsupported billings to RCEB in the amount of \$791.04. (See Attachment A.)

Title 17, Section 54326 (a) states:

“All vendors shall:

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of units of service billed.

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”

Also, Title 17, Section 50604 (d) and (e) state:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers’ billing/invoicing shall include, but not be limited to:

(3) A record of services provided to each consumer. The record shall include:

(B) For transportation services, the dates of service, city or county where service was provided and the number of miles driven or trips provided;

(e) All service providers’ records shall be supported by source documentation.”

Recommendation:

AET should reimburse to DDS the \$791.04 of unsupported billings. In addition, AET should develop policies and procedures to ensure that proper documentation is maintained to support the amounts billed to RCEB.

AET’s Response:

AET stated that the lack of paperwork should not be the basis for a finding. Additionally, AET states that it is not possible to over bill because of the authorizations issued by the regional center.

See Attachment B for the full text of AET’s response to the draft audit report and Attachment C for DDS’s evaluation of AET’s response.

Finding 7: Poor Record Keeping

The review of AET’s Programs, for the sample period July 2006 to June 2007, revealed that poor record keeping has resulted in multiple errors in AET’s paperwork. These errors led to missing or recording of conflicting information, documenting non-direct care hours, overlapping of direct care staff hours, and recording of hours in excess of the authorized amount. As a result, a number of disallowances were made regarding direct care hours billed.

Title 17, Section 50604 (d) and (e) state:

“(d) All service providers shall maintain complete service records to support all billing/invoicing for each regional center consumer in the program. Service records used to support service providers’ billing/invoicing shall include, but not be limited to:

(3) A record of services provided to each consumer. The record shall include:

(C) For community-based day programs, the dates of service, place where service was provided, the start and end times of service provided to the consumer and the daily or hourly units of service provided.

(D) For all other services, the date, the start and end times of service provided to the consumer, street address where service was provided, and daily or hourly units of service provided.

(e) All service providers' records shall be supported by source documentation."

Recommendation:

AET's management and staff should be retrained on the billing cycle process and how to properly complete consumer notes, which should reconcile to the employee in/out logs.

AET's Response:

AET stated that the lack of paperwork should not be the basis for a finding. Additionally, AET states that it is not possible to over bill because of the authorizations issued by the regional center. AET states that they have put into place systems to correct their paperwork issues.

See Attachment B for the full text of AET's response to the draft audit report and Attachment C for DDS's evaluation of AET's response.

**Adult Educational Technologies, Inc.
Summary of Over and Under Billings
Audit Period: July 1, 2006 thru June 30, 2007**

Attachment A

Finding #	Vendor	Svc Code	Description	Unit Type	Unit Rate	Unsupported Billings ¹		Failed to Bill ²		Incorrect Billing ³		NET TOTAL
						Units	Amount	Units	Amount	Units	Amount	Amount
<u>Independent Living Program</u>												
1	H84791	520	Independent Living Program	Hours	various*	13,377.77	\$ 511,522.38	110.00	\$			\$ 507,295.08
2	H84791	520	Independent Living Program ⁴	Hours	\$ 2.51					1,858.01	\$ (4,663.61)	(4,663.61)
								(4,227.30)				
<u>Supported Living Service Program</u>												
3	HB0369	896	Supported Living Svc.Program	Hours	various**							
			Regional Center of the East Bay (RCEB)			9,045.78	160,663.92					
			Golden Gate Regional Center (GGRC)			10,386.00	162,728.97					
			Sub Total			19,431.78	323,392.89					323,392.89
<u>Miscellaneous Program</u>												
4	PB0115	110	Supplemental Day Svc. Prg.	Hours	\$ 12.00	384.00	4,608.00	-	-	-	-	4,608.00
<u>Day Program</u>												
5	H84734	510	Adult Development Center	Days	\$ 41.17	65.00	2,676.05	-	-	-	-	2,676.05
<u>Transportation Program</u>												
6	H84734	880	Trans.-Addt'l. Component	Trips	\$ 6.18	128.00	791.04	-	-	-	-	791.04
						33,386.55	842,990.36	110.00	\$	1,858.01	\$ (4,663.61)	<u>\$ 834,099.45</u>
TOTAL OVER (UNDER) BILLINGS:											\$ 834,099.45	

¹These payments were authorized by the RC(s), were paid to the vendor but were not provided by the vendor. (4,227.30)

²These payments were authorized by the RC(s), were provided by the vendor but the vendor failed to bill.

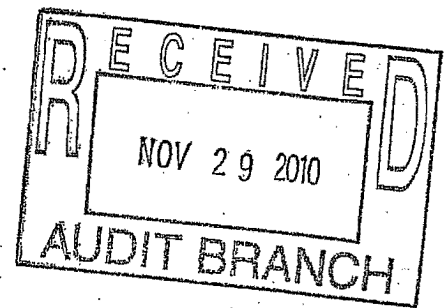
³These are payments RCEB made to the vendor that were less than the daily rate.

⁴The \$2.51 is the difference between \$38.43 which is the correct daily rate and \$35.92 the daily rate billed by the vendor.

*July 2006 was at a daily rate of \$35.92 and the remaining months were at a daily rate of \$38.43

**Different negotiated rates used by RCEB & GGRC.

ADULT EDUCATIONAL TECHNOLOGIES
Serving Adults with Developmental Disabilities
Wendell James, Executive Director
121 Embarcadero West, Suite 2118
Oakland, CA., 94607



To: Edward Yan, Manager
Department of Developmental Services
Audit Branch
1600 Ninth Street, Room 230, MS 2-10
Sacramento, CA 95814

November 26, 2010

Dear Mr. Yan:

Per my conversation with Mr. Kitkay I did request that we skip the exit meeting. We understood the report. First I must say I was amazed with the amount we are charged, I understand that "Paper Work" is essential, and the focus of your group, however I feel that it does not prove that an Agency did not do the work.

In the process there are no interviews of the Consumers, visits to some homes, to determine if services were provided at the time of the audit period. Secondly there is no review, discussion, with Regional Centers, Case Managers, to determine if there were warnings, complaints, sanctions, a pattern, of Consumers "NOT BEING SEEN" by AET, during audit period. I do realize you are Auditors but I think for all of our Scope of Practice (DD SYSTEM) this should be different from an IRS Audit, they make some allowances.

I do realize that documentation that shows incorrect times, places at the same time, etc. are a problem but the system should include other things not just paperwork, I feel this is not totally fair. How can you owe almost everything that was paid to you as if you did not do payroll, pay rents, taxes, workers comp, and all other expenses it takes to operate an agency.

The way the system is set up you cannot over bill because if you are given 40 hours in Independent Living and try to bill 42 hours the system will kick it back, for Supported Living you can only bill the Negotiated Budget Amount between you and the Regional Center, or the system will kick it back.

If consumers were not provided services we would not be in business because regional Centers would remove them from the Program, some Consumers would suffer because most we serve are CRITICAL, FORENSIC.

Again we understand that paperwork is essential, and our responsibility to make it

Friday, November 26, 2010 AOL: WJames5145

accurate, and that staffing and any problems we have with staff and paperwork are not looked at by your Auditors, I also realize that you are DDS and what you say goes, but I feel your process is not totally fair for this type of service.

I would ask that you look at the Amount charged to us. I also would like to ask that we be put on a reasonable payment plan that will allow us not to have to go out of business and cause 50 plus employees to loose their jobs. We have been vendors for 25 years, serving consumers no one else wants, we enjoy what we do and like working with our regional centers.

We have put into place systems to correct our paperwork issues, even changing management, line staff, etc. as with most agencies this is a challenge.

Sincerely,



Wendell James, Executive Director

cc:

Jim Burton, RCEB

James Shorter, GGRC

**DEPARTMENT OF DEVELOPMENTAL SERVICES’
EVALUATION OF
ADULT EDUCATIONAL TECHNOLOGIES’ RESPONSE**

As part of the audit report process, Adult Educational Technologies, Inc. (AET) was afforded the opportunity to respond to the draft audit report and provide a written response to each finding. On November 26, 2010, AET submitted a response to the draft audit report, which was received by DDS on November 29, 2010. In responding to the draft report, Wendell James, Executive Director of AET, did not format his response to the findings in-kind. Consequently, AET’s response was used in evaluating more than one finding. DDS’s evaluation of the response determined that AET did not agree with Findings 1 through 6 and did not specifically disagree with Finding 7.

Finding 1: Independent Living Program (ILP) – Unsupported Billing and Failure to Bill

Finding 2: Independent Living Program (ILP) - Incorrect Billing

Finding 3: Supported Living Service (SLS) Program – Unsupported Billing

Finding 4: Miscellaneous Program (Supplemental Services) – Unsupported Billing

Finding 5: Adult Development Center (ADC) – Unsupported Billing

Finding 6: Transportation Additional Component – Unsupported Billing

For the above findings, AET made the following arguments in its response:

- “I understand that “Paperwork” is essential, and the focus of your group, however I feel that it does not prove that an Agency did not do the work.”

DDS never stated that AET did not do work. The findings resulted from AET not sufficiently supporting the work it billed. Without supporting documentation, it is unknown if AET provided the services it billed the regional center. This is the reason for Title 17, Section 54326 (a) which states:

“All vendors shall:

(3) Maintain records of services provided to consumers in sufficient detail to verify delivery of units of service billed.”

The requirement to maintain records and being held responsible for those records is not limited to AET. AET’s argument would make it seem that DDS is unreasonable in its approach; however, it is the same approach that is used by other governmental entities.

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- “In the [audit] process there are no interviews of the Consumers, visits to some homes, to determine if services were provided at the time of the audit period.”

AET’s argument that the auditors should have visited homes and interviewed Consumers would not have resulted in sufficient evidence that service was provided. Service for the above programs are billed on either an hourly or daily basis. AET needed to provide documentation that was contemporaneous. This means AET should have documented the times and dates of services that were provided at the time they were provided. AET’s argument that interviews and home visits would have been sufficient to prove services were provided as billed is incorrect.

- “...there is no review, discussion, with Regional Centers, Case Managers, to determine if there were warnings, complaints, sanctions, a pattern, of Consumers “NOT BEING SEEN” by AET, during audit period.”

As a normal part of DDS’s audit process, it conducts an on site pre-audit visit to the vendoring regional center to review the vendor’s files, contracts, prior audits, and talk with staff. On March 27, 2008 auditors met with the RCEB staff and management to obtain information regarding AET.

- “I do realize that documentation that shows incorrect times, places at the same time, etc. are a problem but the system should include other things not just paperwork, I feel this is not totally fair.”

In AET’s argument, it admits to having some of the problems identified during the audit. AET seems to think auditors should look at other things, not just “paperwork.” Auditors only audit to what is required by regulation, and “paperwork” is required by regulation.

- AET states, “The way the system is set up you cannot overbill because if you are given 40 hours in Independent Living and try to bill 42 hours the system will kick it back, for Supported Living you can only bill the Negotiated Budget Amount between you and the Regional Center, or the system will kick it back.”

AET is correct that the regional center’s accounting system has safeguards that prevent it from paying a vendor over the authorized amount. However, AET’s argument has nothing to do with the AET finding. AET did not receive more funds than authorized by RCEB, but instead, AET billed for more funds than it could show it actually provided by source documentation. Title 17, Section 54326 (a) states:

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“All vendors shall:

(3) Maintain records of service provided to consumers in sufficient detail to verify delivery of units of service billed.

(10) Bill only for services which are actually provided to consumers and which have been authorized by the referring regional center.”